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SIPDIS

DEPT FOR T U/S BOLTON AND EUR/WE

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SUBJECT: U/S BOLTON PREVIEWS SEA ISLAND NON-PROLIFERATION  
INITIATIVES FOR HOLY SEE FM

Classified By: Ambassador James Nicholson. Reasons 1.5 (b) and (d).

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Summary  
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1. (C) Under Secretary Bolton previewed Sea Island G-8 Summit non-proliferation initiatives for Holy See Foreign Minister Giovanni Lajolo May 17, emphasizing the President's desire to ensure that efforts to address WMD threats were a priority for G-8 nations. Bolton highlighted progress in implementing the Proliferation Security Initiative (PSI), including its success in interdicting nuclear equipment destined for Libya. He reviewed the status of the Global Partnership initiative to address the legacy of the Soviet-era WMD programs, and outlined the U.S. desire to close loopholes in the Non-Proliferation Treaty (NPT) that created the potential for easy transfer from civilian to military applications. FM Lajolo asked about the status of Libyan disarmament, as well as North Korean, Indian, Pakistani, and Israeli nuclear programs. Lajolo also reviewed his recent meeting with the Iranian vice-Foreign Minister, who promised the Vatican that Iran would completely meet its IAEA commitments by the time of the next meeting in Vienna. End Summary.

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WMD Proliferation in Focus for G-8  
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2. (C) Continuing a regular dialogue with the Holy See on international non-proliferation and arms control efforts, U/S John Bolton told the Holy See's Foreign Minister equivalent, Archbishop Giovanni Lajolo, that the United States believes the proliferation of biological, chemical and nuclear weapons continues to pose a serious threat to global security despite some recent successes. Given U.S. concerns, President Bush had asked that WMD be a primary focus of the June 8 Sea Island G-8 Summit. Bolton outlined the G-8 non-proliferation agenda, which would include a review of the PSI, an effort to expand the Global Partnership (GP), and an initiative to close loopholes in the NPT that allow states to pursue fissile material and develop expertise for nuclear weapons under peaceful cover.

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Proliferation Security Initiative  
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3. (C) In its first year, Bolton told Lajolo, the PSI had resulted in expanded international cooperation to interdict shipments of WMD materials and prevent them from moving from states of concern to other states or non-state actors. The initiative had scored a major success last October when the U.S., working with Germany, Italy, and the UK stopped and seized a shipment of centrifuge equipment destined for Libya that could have facilitated uranium enrichment. This interdiction, Bolton suggested, may have played a role in Libya's decision to abandon its nuclear weapons programs.

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The Global Partnership  
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4. (C) A second objective of the Sea Island Summit, Bolton said, would be to expand the Global Partnership against the spread of weapons and materials of mass destruction, which had been launched at the Kananaskis G-8 Summit in June 2002, and which had contributed to the destruction of missile silos and chemical weapons, as well as to the conversion of reactors from highly to low enriched uranium. The U.S. has committed 10 billion dollars to the Partnership over ten years, and was looking to its G-8 and other partners to come up with an additional 10 billion dollars to reach the 20 billion target established at Kananaskis. While preventing dangerous materials from falling into the wrong hands, the program would also help bring Russia in line with its START and other treaty commitments, while allowing for the expansion of programs

to ensure legitimate employment for weapons scientists. Lajolo welcomed this initiative and expressed hope it could be expanded to address this threat.

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Closing NPT Loopholes  
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15. (C) A third priority for the U.S. at Sea Island, Bolton explained, would be to build support for an initiative to close loopholes in the Non-Proliferation Treaty that allow countries to be in full compliance with the NPT while acquiring the skills and materials to bring them very close to nuclear weapons capability. The U.S. has tabled a number of reforms that we believe would prevent the spread of uranium enrichment and reprocessing capabilities. The Under Secretary observed that this has been a controversial initiative, and has required the U.S. to explore ways to ensure that low enriched fuel can be made available at low cost as highly enriched plants are converted. If the G-8 can agree on this, it would set an international standard that would form a useful foundation for future international discussions on closing loopholes.

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Iranian Compliance with IAEA Commitments  
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16. (C) FM Lajolo told the Under Secretary that he had recently received the Iranian Vice Foreign Minister, who assured him that Iran would be in full compliance with IAEA requirements by the time of the next commission review meeting in Vienna. Lajolo also noted that the Iranian Minister had complained about what he considered the double standards vis-a-vis Iran's treatment compared to that of Israel and India. Bolton responded that it is true that Iran wants to get off the IAEA's agenda and close its file, but that they have too much work to do to disclose recently uncovered programs to meet this timeline. He pointed out that Iran had agreed with Germany, the UK, and France to suspend all uranium enrichment activities in exchange for expanded energy cooperation. Unfortunately, Iran had not stopped production of centrifuge components or design work for an advanced centrifuge. Iran is hoping to get off the IAEA's agenda, and then resume its enrichment work, Bolton explained, but he saw no prospect that the file would be closed anytime soon given the number of unanswered questions about Iranian programs. Bolton stressed that the U.S. was working closely with EU countries on this issue, and would continue to work to make all of the Middle East free of nuclear weapons.

17. (C) Lajolo also raised the Iranian Minister's claim that Iran needed the nuclear facility for economic purposes and long term energy security. Bolton pointed out that Iran allows four times the amount of energy that would be produced at the Bushehr reactor to escape into the atmosphere. Simply by scaling back this waste and loss, it would recoup far more than it would gain from nuclear power. Bolton said that revelations of I.Q. Khan's nuclear dealings left no doubt that Iran is intent on building a nuclear weapons program, and will remain a serious proliferation problem for some time to come.

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Libya  
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18. (C) In contrast to Iran and North Korea, Bolton told Lajolo, Libya had recently demonstrated how a country can give up its nuclear programs and reap benefits from greater international cooperation. Libya had come to realize that its nuclear ambitions were not making it safer, but were increasing its risks from international sanction and potential military action. Lajolo asked about the status of Libya's disarmament process and prospects for a resumption of full diplomatic relations with Libya. Bolton indicated that Qadafi had been cooperating fully, allowing the U.S. and UK to move all of his nuclear equipment to Oak Ridge, Tennessee. The U.S. and the international community had lifted major sanctions and, after resolving some remaining issues, it was likely that our relations could be upgraded by the end of the year.

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North Korea  
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19. (C) Lajolo said it appeared to the Holy See that North Korea was trying to use its nuclear capability to leverage assistance from the West. Bolton, commenting that this is also called blackmail, said it was hard to understand exactly what North Korea was after. Even the Chinese were mystified, he noted. To us, it appears the North Koreans want to keep their capability and get western assistance --

something the U.S. would not accept. The U.S. was committed to resolving the North Korea threat

diplomatically, and we were prepared to meet again in Beijing in June if this would be helpful.

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India, Pakistan, and Israel  
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110. (C) Touching briefly on other nuclear countries, Lajolo asked what the U.S. was doing in regard to nuclear capabilities in India, Pakistan and Israel. On India and Pakistan, the Under Secretary pointed out that the U.S. had been engaged intensively and successfully over the past two years to prevent the dispute over the Kashmir from spilling over to a nuclear showdown. Pakistan remained a source of great concern in the face of continued assassination attempts on President Musharaf and the potential for a radical takeover. On Israel, Bolton observed that the Israeli nuclear program offered an ultimate protection against being driven into the Mediterranean. The U.S. did not regard the Israeli program as a threat to the region, as Israel would never use it unless attacked. He noted that Libya had often cited Israel as an excuse for their nuclear program, but now insists that they know Israel would not attack unprovoked. The U.S. goal remained to rid the Middle East of all nuclear weapons, but this had to be done one state at a time.

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Comment  
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111. (C) FM Lajolo expressed appreciation for Bolton's briefing on U.S. non-proliferation priorities and activities, and affirmed his interest in continuing such discussions in light of the Holy See's interest in arms control worldwide. U/S Bolton noted that the Holy See had always been active in the NPT and an important voice on arms control, and he looked forward to staying in contact.

112. (U) This cable has been cleared by Under Secretary Bolton.

Nicholson

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